

NYANDENI LOCAL MUNICIPALITY
Annual financial statements
for the year ended 30 June 2010

NYANDENI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

General Information

Legal form of entity	Local Municipality	
Mayoral committee		
Executive Mayor	T.Sokanyile	Chair of the Executive Committee
Councillors	P. Godongwana	Chair of the Public Safety, Transport and Waste mangement
	N R Fodo	Chair of the Special Programmes Unit and sport
	M. Magxala	Councillor in the Mayors Office
	S. Qaqa	Chair of the Technical and infrastructure Committee
	W. Mbiko	Chair of the Local Economic Development Committee
	L. Mziba	Chair of the Disaster Management Committee
	F. Mgwedane	Chair of the Budget and Treasury Office and Corporate service
	W. Ngaveli	Chair of the Community Services
	M. Mtobela	Chair of the Planning, Development and Housing Committee
Grading of local authority	Grade 1	
Level of the local authority	Low capacity Municipality in terms of Annexure A of Circular 18 issued in terms of the MFMA	
Acting Municipal Manager	A.M Ncube (01 July 2009 - 28 February 2010)	
Chief Financial Officer	M.Mandla	
Accounting Officer	P.B Mase	
Registered office	B Nomandela Drive Libode 5160	
Postal address	P/Bag X504 Libode 5160	
Bankers	Standard Bank / First National Bank	
Auditors	Auditor-General South Africa (AGSA)	
Fax	047-555 0202	
Telephone	047-555 5000	
E-mail address	admin@nyandenilm.gov.za	
Councilors	M.J.Sidelo A.A.Vava F.Mgwedane M.Dambuza T.Thunzi N.Matanda N.R.Fodo L.Mbiza M.Makongwana M.Magxala N.Thiyeka N.Tshotsho C.T.Ngcwabe	

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General Information

N.Bango
F.Gaxeni
Z.Mevana
Z.Hibane
S.W.Matola
Z.W.Mamve
M.S.Qaqa
K.Tatani
Z.Ndawana
S.Betele
P.N.Tswina
K.Nolangeni
W.Ngaveli
M.Q.H.Lumko
B.V.Ndamase
T.Nompetsheni
P.Madwantsi
M.R.Mtobela
P.Godongwana
S.Mbiyozo
N.L.Somtsewu
P.Pete
P.Matinise
J.Mabuya
M.Ngqondwana
M.L.Mncela
P.N.Ntshoyi
N.Maqholo
N.N.Mbiko
X.H.Dlani
M.Z.Nomandela
L.Mpongo
N.Mahlungu
M.Qoyo
M.Mnkwantini
N.V.Mbube
R.N.Dlutu
N.N.Devete

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Abbreviations

CRR	Capital Replacement Reserve
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

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Approval of the annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 48, in terms of Section 126(1) of the Municipal Finance Management Act and which i have signed on behalf of the Municipality. I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, any payments made to Councillors for loss of office, if any, as disclosed in note 24 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

P.B Mase
Municipal Manager

Date

NYANDENI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Statement of Financial Position

Figures in Rand	Note(s)	2010	2009
Assets			
Current Assets			
Other financial assets	2	39 489 761	35 165 748
Trade and other receivables from exchange transactions	3	335 816	-
Trade and other receivables from non-exchange transactions	4	426 401	140 569
VAT receivable	5	4 916 953	6 675 923
Cash and cash equivalents	6	28 799 899	13 916 919
		73 968 830	55 899 159
Non-Current Assets			
Property, plant and equipment	7	224 058 036	202 297 372
Investment property	8	59 494 000	59 494 000
Intangible assets	9	780 384	780 384
		284 332 420	262 571 756
Total Assets		358 301 250	318 470 915
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	10	3 657	1 501 424
Unspent conditional grants and receipts	11	21 873 769	10 948 997
Provisions	12	3 693 414	2 802 129
Finance lease obligation (short term portion)	13	270 063	105 611
		25 840 903	15 358 161
Non-Current Liabilities			
Finance lease obligation (non-current portion)	13	124 789	394 852
Total Liabilities		25 965 692	15 753 013
Net Assets		332 335 558	302 717 902
Net Assets			
Reserves			
Capitalisation reserve	14	3 814 401	3 611 529
Accumulated surplus	15	328 521 157	299 106 373
Total Net Assets		332 335 558	302 717 902

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Statement of Financial Performance

Figures in Rand	Note(s)	2010	2009
Revenue from exchange transactions			
Property rates	17	2 696 043	1 140 796
Service charges	18	68 318	46 058
Rental Income	19	142 377	61 729
Interest received - investment	20	2 606 315	3 826 631
Other income	21	757 866	789 613
Revenue from non-exchange transactions			
Traffic fines	22	192 400	70 830
Government grants- Central Government	23	72 524 604	56 939 895
Government grants- Provincial Government	23	21 629 670	18 210 258
Total Revenue		100 617 593	81 085 810
Expenditure			
Personnel	24	(36 165 343)	(24 075 457)
Remuneration of councillors	25	(10 845 696)	(10 119 050)
Finance costs	26	(67 268)	(83 545)
Repairs and maintenance		(2 225 801)	(1 004 141)
General Expenses	27	(21 695 829)	(23 805 654)
Total Expenditure		(70 999 937)	(59 087 847)
Surplus for the year		29 617 656	21 997 963

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Annual Financial Statements for the year ended 30 June 2010

Statement of Changes in Net Assets

Figures in Rand	Capital replacement reserve	Accumulated surplus	Total net assets
Opening balance as previously reported	-	27 584 974	27 584 974
Change in accounting policy	3 306 023	246 023 142	249 329 165
Prior period errors	-	4 335 885	4 335 885
Balance at July 01, 2008 as restated	3 306 023	277 944 001	281 250 024
Changes in net assets			
Surplus for the year	-	21 997 963	21 997 963
Prior period adjustment	-	(530 085)	(530 085)
Transfer to CRR	305 506	(305 506)	-
Total changes	305 506	21 162 372	21 467 878
Balance at 01 July 2009	3 611 529	299 106 373	302 717 902
Changes in net assets			
Surplus for the year	-	29 617 656	29 617 656
Transfer to CRR	202 872	(202 872)	-
Total changes	202 872	29 414 784	29 617 656
Balance at 30 June 2010	3 814 401	328 521 157	332 335 558
Note(s)	14	15	

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Cash Flow Statement

Figures in Rand	Note(s)	2010	2009
Cash flows from operating activities			
Cash generated from operations	31	38 534 221	31 729 701
Investment income		2 606 315	3 826 631
Finance charges		(67 268)	(83 545)
Net cash from operating activities		41 073 268	35 472 787
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(21 760 664)	(17 830 892)
Increase of investment		(4 324 013)	(3 542 633)
Net cash from investing activities		(26 084 677)	(21 373 525)
Cash flows from financing activities			
Repayment of finance lease liability		(105 611)	-
Total cash movement for the year		14 882 980	14 099 262
Cash at the beginning of the year		13 916 919	(182 343)
Net increase (decrease) in cash and cash equivalents	6	28 799 899	13 916 919

NYANDENI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1. Basis of preparation of the Annual Financial Statements

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. These annual financial statements have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

These standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statement
GRAP 3	Accounting Policies , Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Investments in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Properties
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets
IPSAS 20	Related Party Disclosure
IFRS 39	Financial Instruments

Accounting policies for material transaction, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraph 7,11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on Generally Recognised Accounting Practice (GRAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Accounting Standards Board has set transitional provisions for individual standards of GRAP as set out in Directive 4 and Directive 5 issued in March 2009. Details of the transitional provisions applicable to the municipality have been provided in the notes to the annual financial statements.

A summary of the significant accounting policies which have been consistently applied except where transitional provisions has been granted are disclosed below.

NYANDENI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1.1 Presentation currency

The Annual Financial Statements are presented in South African Rand, which is the Municipality's functional currency.

1.2 Going concern assumption

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Standards, amendments to standards and interpretations issued but not yet effective

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18	Segment Reporting - issued March 2005
GRAP 21	Impairment of Non-Cash-generating-assets - issued March 2009
GRAP 23	Revenue from Non-Exchange Transactions - issued February 2008
GRAP 24	Presentation of Budget Information - issued November 2007
GRAP 26	Impairment of Cash-generating-assets - issued March 2009
GRAP 103	Heritage Assets - issued July 2008
GRAP 25	Employee Benefits - issued 11 January 2009
IFRIC 17	Distribution of Non-cash Assets to Owners - effective 1 July 2009

1.4 Change in accounting policies and comparability

Accounting Policies have been consistently applied, except where otherwise indicated below:

The details of any resulting changes in accounting policy and comparative restatements are given in note 27 to the Annual Financial Statements.

The municipality changes an accounting policy only if the following instances:

- (a) is required by a Standard of GRAP; or
 - (b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flow.
- The details of any changes in accounting policies and comparative restatements are explained in the relevant policy.

1.5 Property, plant and equipment

1.5.1 Initial recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

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Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1.5 Property, plant and equipment (continued)

1.5.2 Subsequent measurement - cost model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.5.3 Depreciation and impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure Assets		Other Assets	
Roads and Paving	30 years	Buildings	30 years
Stormwater Drainage	20 years	Specialist vehicles	10 years
Community Assets		Other vehicles	5 years
Buildings	30 years	Office equipment	3-7 years
Recreational Facility	20-30 years	Furniture and fittings	7-10 years
Security	5 years	Bins and containers	5 years
Community Halls	30 years	Specialised plant and equipment	10-15 years
Libraries	30 years	Landfill sites	15 years
Parks and gardens	10 years	Computer equipment	3 years
Finance Lease Assets			
Office equipment	4 years		

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

The municipality changed its accounting policy for property, plant & equipment in 2010. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

NYANDENI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1.5 Property, plant and equipment (continued)

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows :

GRAP 1	Presentation of Financial Statements - paragraphs 7-8A
GRAP 9	Revenue from Exchange Transactions - paragraphs 37-38
GRAP 13	Leases - paragraphs 55-60
GRAP 17	Property, Plant and Equipment - paragraphs 73-83
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets - paragraph 93-94E
GRAP 102	Intangible Assets - paragraph 110-118

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where property, plant & equipment was acquired through a transfer of functions, the municipality is not required to measure that property, plant & equipment for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The municipality acquired a transfer(s) of function in 2010 and property, plant & equipment has accordingly been recognised at provisional amounts, as disclosed in 6. The transitional provision expires on 30 June 2012.

Due to the impact of Directive 4 being adopted and the core criteria of all assets being exempt for measurement, for and including the next three financial years impairment and depreciation assessments will not be considered.

1.6 Investment property

1.6.1 Initial recognition

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is the cost at date of completion.

1.6.2 Subsequent measurement - cost model

Investment property is measured using the cost model and a revaluation will be performed once every five years. Under the cost model, investment property is carried at its depreciated revalued amount less impairments at the reporting date. Any gain or loss arising from the revaluation is included in revaluation reserve.

The municipality changed its accounting policy for investment property in 2010. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows :

GRAP 1	Presentation of Financial Statements - paragraphs 7-8A
GRAP 9	Revenue from Exchange Transactions - paragraphs 37-38
GRAP 13	Leases - paragraphs 55-60
GRAP 16	Investment property - paragraphs 63-70
GRAP 17	Property, Plant and Equipment - paragraphs 73-83
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets - paragraph 93-94E
GRAP 102	Intangible Assets - paragraph 110-118

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where investment property was acquired through a transfer of functions, the municipality is not required to measure that investment property for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The transitional provision expires on 30 June 2012.

Due to the impact of Directive 4 being adopted and the core criteria of all assets being exempt for measurement, for and including the next three financial years impairment and depreciation assessments will not be considered.

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Accounting Policies

1.7 Intangible assets

1.7.1 Initial recognition

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licenses, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset's given up.

1.7.2 Subsequent measurement - cost model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.7.3 Amortisation and impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software	5 years
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The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

The municipality changed its accounting policy for intangible assets in 2010. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

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Accounting Policies

1.7 Intangible assets (continued)

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows :

GRAP 1	Presentation of Financial Statements - paragraphs 7-8A
GRAP 9	Revenue from Exchange Transactions - paragraphs 37-38
GRAP 13	Leases - paragraphs 55-60
GRAP 17	Property, Plant and Equipment - paragraphs 73-83
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets - paragraph 93-94E
GRAP 102	Intangible Assets - paragraph 110-118

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where intangible assets was acquired through a transfer of functions, the municipality is not required to measure that intangible asset for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The transitional provision expires on 30 June 2012.

Due to the impact of Directive 4 being adopted and the core criteria of all assets being exempt for measurement, for and including the next three financial years impairment and amortisation assessments will not be considered.

1.8 Non-current assets held for sale

1.8.1 Initial recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.8.2 Subsequent measurement

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.9 Value added tax

The Municipality accounts for Value Added Tax on the payments basis. This means that VAT is declared to the South African Revenue Services as input VAT or output VAT only when payments are made to suppliers or payments are received for goods or services. The net output VAT on debtors where money has not been received or creditors where payment has not yet been made is disclosed separately in the Statement of Financial Position in terms of GRAP 1.

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Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1.10 Leases

1.10.1 Municipality as lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

The municipality changed its accounting policy for leases in 2010. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows :

GRAP 1	Presentation of Financial Statements - paragraphs 7-8A
GRAP 9	Revenue from Exchange Transactions - paragraphs 37-38
GRAP 13	Leases - paragraphs 55-60
GRAP 16	Investment property - paragraphs 63-70
GRAP 17	Property, Plant and Equipment - paragraphs 73-83
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets - paragraph 93-94E
GRAP 102	Intangible Assets - paragraph 110-118

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where leasehold asset was acquired through a transfer of functions, the municipality is not required to measure that leasehold asset for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The transitional provision expires on 30 June 2012.

Due to the impact of Directive 4 being adopted and the core criteria of all assets being exempt for measurement, for and including the next three financial years impairment and depreciation assessments will not be considered.

1.10.2 Municipality as lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease installments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

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Accounting Policies

1.11 Revenue recognition

1.11.1 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licenses and permits.

1.11.2 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible Councilors or officials is virtually certain.

1.11.3 Grants, transfer and donations

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

NYANDENI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1.12 Financial instruments

1.12.1 Initial recognition

Financial instruments are initially recognised at fair value.

1.12.2 Subsequent measurement

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

1.12.2.1 Investments

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

1.12.2.2 Trade and other receivables

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

1.12.2.3 Financial liabilities: trade and other payables from non exchange transactions

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities and are held at cost, as their cost approximates its fair value.

1.12.2.4 Cash and cash equivalents

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

NYANDENI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1.13 Conditional grants and receipts

Unutilised conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants and subsidies.

1.14 Provisions

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The municipality does not recognise a contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met: (a)

The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;

- the principal locations affected;

- the location, function, and approximate number of employees who will be compensated for terminating their services;

- the expenditures that will be undertaken; and

- when the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

1.15 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

1.16 Retirement benefits

The municipality provides retirement benefits for its employees and Councillors. Contributions are made to the South African Municipal Workers Union (SAMWU) and to the Cape Joint Provident Fund (CJPF) to fund the obligations for the payment of retirement benefits in accordance with the rules of the defined contribution funds it administers. Contributions are recognised as an expense in the statement of Financial Performance.

NYANDENI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1.17 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.18 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.19 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.20 Impairment of assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

NYANDENI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1.20 Impairment of assets (continued)

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

The municipality changed its accounting policy for property, plant & equipment in 2010. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows :

GRAP 1	Presentation of Financial Statements - paragraphs 7-8A
GRAP 9	Revenue from Exchange Transactions - paragraphs 37-38
GRAP 13	Leases - paragraphs 55-60
GRAP 17	Property, Plant and Equipment - paragraphs 73-83
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets - paragraph 93-94E
GRAP 102	Intangible Assets - paragraph 110-118

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where property, plant & equipment was acquired through a transfer of functions, the municipality is not required to measure that property, plant & equipment for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The municipality acquired a transfer(s) of function in 2010 and property, plant & equipment has accordingly been recognised at provisional amounts, as disclosed in 6. The transitional provision expires on 30 June 2012.

Due to the impact of Directive 4 being adopted and the core criteria of all assets being exempt for measurement, for and including the next three financial years impairment and depreciation assessments will not be considered.

1.21 Transitional Provisions

Nyandeni Local Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows:

GRAP 1	Presentation of Financial Statements - paragraphs 7-8A
GRAP 9	Revenue from Exchange Transactions - paragraphs 37-38
GRAP 12	Inventories - paragraphs 45-52
GRAP 13	Leases - paragraphs 55-60
GRAP 16	Investment property - paragraphs 63-70
GRAP 17	Property, Plant and Equipment - paragraphs 73-83
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets - paragraph 93-94E
GRAP 102	Intangible Assets - paragraph 110-118

NYANDENI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
2. Other financial assets		
Investments		
- Unlisted - Fixed Deposit	39 489 761	35 165 748
Short Term Investments		
- Development 388655305-403 STD	263 521	252 122
- Nyandeni 388680237-001 STD	76 641	72 961
- Tiered Rates 388680172-002	3 043	2 998
- Nyandeni 74074617034 FNB	13 797 675	12 866 822
- 32 Day 388655305 STD	786 954	742 394
- Revolving Fund 388655305-002 STD	212 685	203 486
- Stanlib 3 54781067	49 398	46 612
- Stanlib 2 IPOO5728	1 026 586	967 857
- Stanlib 1 IPOO5439	2 234 758	2 193 693
- 32 Day Interest 72399014704	13 934	13 390
- Eradication of Bucket System	651 350	616 951
- Investments (Recovery VAT)	16 962 709	16 141 020
- MIG account 62159914704	3 123 471	768 426
- MSIG account 62159915853	8 554	8 469
- FMG account 62159921751	126 214	121 590
- Property Valuation Account 62159922551	141 288	136 112
- LGSETA account 62159915340	10 978	10 845
Total other financial assets	39 489 761	35 165 748

Management's valuation of Unlisted Investments R 39 489 761 (2009 : R 35 165 748).

Average Rate of Return on Investments 2010 : 6.60% (2009 : 9%).

Funds are invested according to Circular No C/46/1994 issued by the Provincial Administration Community Services Branch with the approved Banking Institutions.

No investments were pledged as security.

NYANDENI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
3. Trade and other receivables from exchange transactions		
The ageing of the debtors is as follows:		
Gross balances		
Rates	7 252 635	5 045 506
Refuse	205 381	157 591
	7 458 016	5 203 097
Less: Impairment of debtors		
Rates	(6 976 996)	(5 045 506)
Refuse	(145 204)	(157 591)
	(7 122 200)	(5 203 097)
Net balance		
Total	335 816	-
Rates		
Current	57 642	(228 337)
30 days	110 879	75 226
60 days	110 456	74 572
90 days	110 016	148 175
+120 days	6 863 642	4 975 870
	7 252 635	5 045 506
Refuse		
Current	3 074	(4 288)
30 days	5 315	3 729
60 days	5 248	3 700
90 days	8 210	7 309
+120 days	183 534	147 141
	205 381	157 591
Summary of debtors by customer classification		
Households / Church		
Current	34 632	(63 319)
30 days	49 560	65 091
60 days	49 160	64 913
90 days	52 125	129 636
+120 days	4 523 200	4 119 245
	4 708 677	4 315 566
Less: Impairment of debtors	(4 575 325)	(4 315 566)
	133 352	-

NYANDENI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
3. Trade and other receivables from exchange transactions (continued)		
Business		
Current	16 468	(45 189)
30 days	18 822	13 595
60 days	18 808	13 106
90 days	18 365	25 369
+120 days	997 725	803 899
	<u>1 070 188</u>	<u>810 780</u>
Less: Impairment of debtors	(1 016 090)	(810 780)
	54 098	-
Government / Municipal		
Current	9 615	(124 117)
30 days	47 813	269
60 days	47 737	252
90 days	47 737	479
+120 days	1 526 255	199 866
	<u>1 679 157</u>	<u>76 749</u>
Less: Impairment of debtors	(1 530 745)	(76 749)
	148 412	-
Total		
Current	60 686	(232 625)
30 days	116 194	78 955
60 days	115 704	78 272
90 days	118 226	155 484
>120 days	6 863 828	5 123 011
	<u>7 274 638</u>	<u>5 203 097</u>
Less: Impairment of debtors	(6 938 822)	(5 203 097)
	335 816	-
Reconciliation of Impairment of debtors		
Balance at beginning of the year	(5 203 097)	(4 451 115)
Contributions	(1 919 103)	(751 982)
	(7 122 200)	(5 203 097)

NYANDENI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
4. Trade and other receivables from non-exchange transactions		
Housing	140 569	140 569
Other	285 833	-
Vehicle loans	148 444	148 444
Impairment for doubtful debts - vehicle loans	(148 444)	(148 444)
	426 402	140 569

The housing loan is fully recoverable from the Department of housing (Eastern Cape). The project is being delayed due to unforeseen circumstances (infrastructure) therefore there was no repayments on outstanding loans.

The council took a resolution to recover all outstanding vehicle loans. The matter is currently being handled by the Municipality's legal advisor.

5. VAT receivable

VAT	4 916 953	6 675 923
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6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	15	96
Bank balances	28 799 884	13 916 823
	28 799 899	13 916 919

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2010	30 June 2009	30 June 2008	30 June 2010	30 June 2009	30 June 2008
First National Bank Type : Current Account (Account Number 62152951614)	28 677 640	6 989 032	950 193	28 677 655	5 774 943	(1 413 436)
Standard Bank Type : Current Account (Account Number 80847978)	122 244	8 272 333	1 340 730	122 244	8 141 976	1 230 998
Total	28 799 884	15 261 365	2 290 923	28 799 899	13 916 919	(182 438)

NYANDENI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
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7. Property, plant and equipment

	2010			2009		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land	3 934 465	-	3 934 465	3 934 465	-	3 934 465
Buildings	15 380 500	-	15 380 500	15 380 500	-	15 380 500
Infrastructure	175 830 201	-	175 830 201	155 836 450	-	155 836 450
Community	13 296 110	-	13 296 110	13 234 295	-	13 234 295
Motor vehicles	11 069 378	-	11 069 378	9 703 765	-	9 703 765
Computer equipment	1 952 939	-	1 952 939	1 710 034	-	1 710 034
Furniture and office equipment	1 611 794	-	1 611 794	1 515 214	-	1 515 214
Finance lease assets	982 649	-	982 649	982 649	-	982 649
Total	224 058 036	-	224 058 036	202 297 372	-	202 297 372

Reconciliation of property, plant and equipment - 2010

	Opening balance	Additions	Total
Land	3 934 465	-	3 934 465
Buildings	15 380 500	-	15 380 500
Infrastructure	155 836 450	19 993 751	175 830 201
Community	13 234 295	61 815	13 296 110
Motor vehicles	9 703 765	1 365 613	11 069 378
Computer equipment	1 710 034	242 905	1 952 939
Furniture and office equipment	1 515 214	96 580	1 611 794
Finance lease assets	982 649	-	982 649
	202 297 372	21 760 664	224 058 036

Reconciliation of property, plant and equipment - 2009

	Opening balance	Additions	Write - offs	Total
Land	3 934 465	-	-	3 934 465
Buildings	13 829 997	1 550 503	-	15 380 500
Infrastructure	137 365 166	15 374 756	3 096 528	155 836 450
Community	13 234 295	-	-	13 234 295
Motor vehicles	11 851 488	-	(2 147 723)	9 703 765
Computer equipment	2 363 720	889 518	(1 543 204)	1 710 034
Furniture and office equipment	2 204 985	16 115	(705 886)	1 515 214
Finance lease assets	982 649	-	-	982 649
	185 766 765	17 830 892	(1 300 285)	202 297 372

Assets subject to finance lease

Leasehold asset	982 649	982 649
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A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 13.

NYANDENI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
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7. Property, plant and equipment (continued)

Transitional provisions

Property, plant and equipment recognised at provisional amounts

The municipality changed its accounting policy for property, plant & equipment in 2010. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows :

GRAP 1	Presentation of Financial Statements - paragraphs 7-8A
GRAP 9	Revenue from Exchange Transactions - paragraphs 37-38
GRAP 13	Leases - paragraphs 55-60
GRAP 17	Property, Plant and Equipment - paragraphs 73-83
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets - paragraph 93-94E
GRAP 102	Intangible Assets - paragraph 110-118

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where property, plant & equipment was acquired through a transfer of functions, the municipality is not required to measure that property, plant & equipment for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The municipality acquired a transfer(s) of function in 2010 and property, plant & equipment has accordingly been recognised at provisional amounts, as disclosed in 6. The transitional provision expires on 30 June 2012.

Due to the impact of Directive 4 being adopted and the core criteria of all assets being exempt for measurement, for and including the next three financial years impairment and depreciation assessments will not be considered.

Property, plant and equipment with a carrying value of R 224 058 036 (2009: R 202 297 372) was recognised at provisional amounts.

The steps taken to establish the values of property, plant and equipment recognised at provisional amounts due to the initial adoption of GRAP 17 and the adoption of Directive 4, is as follows:

The Municipality is in the process of appointing suitably qualified consultants to perform a complete valuation of all assets during the next financial year. A detailed analysis of the fair value, residual value, componentisation, impairment and depreciation will be performed over the exemption period.

The date at which full compliance with GRAP 17 is expected, is 30 June 2012.

NYANDENI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand 2010 2009

8. Investment property

	2010			2009		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	59 494 000	-	59 494 000	59 494 000	-	59 494 000

Reconciliation of investment property - 2010

	Opening balance	Total
Investment property	59 494 000	59 494 000

Reconciliation of investment property - 2009

	Opening balance	Total
Investment property	59 494 000	59 494 000

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

The municipality changed its accounting policy for investment property in 2010. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows :

GRAP 1	Presentation of Financial Statements - paragraphs 7-8A
GRAP 9	Revenue from Exchange Transactions - paragraphs 37-38
GRAP 13	Leases - paragraphs 55-60
GRAP 16	Investment property - paragraphs 63-70
GRAP 17	Property, Plant and Equipment - paragraphs 73-83
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets - paragraph 93-94E
GRAP 102	Intangible Assets - paragraph 110-118

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where investment property was acquired through a transfer of functions, the municipality is not required to measure that investment property for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The transitional provision expires on 30 June 2012.

Due to the impact of Directive 4 being adopted and the core criteria of all assets being exempt for measurement, for and including the next three financial years impairment and depreciation assessments will not be considered.

Investment property with a carrying value of R 59 494 000 (2009: R 59 494 000) was recognised at provisional amounts.

The steps taken to establish the values of investment property recognised at provisional amounts due to the initial adoption of GRAP 16, is as follows:

The Municipality is in the process of appointing suitably qualified consultants to perform a complete valuation of all investment properties during the next financial year. A detailed analysis of the fair value, residual value, impairment and depreciation will be performed over the exemption period.

The date at which full compliance with GRAP 16 is expected, is 30 June 2012.

NYANDENI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
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9. Intangible assets

	2010			2009		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Financial Management System	780 384	-	780 384	780 384	-	780 384

Reconciliation of intangible assets - 2010

	Opening balance	Total
Financial Management System	780 384	780 384

Reconciliation of intangible assets - 2009

	Opening balance	Total
Financial Management system	780 384	780 384

Transitional provision

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows :

GRAP 1	Presentation of Financial Statements - paragraphs 7-8A
GRAP 9	Revenue from Exchange Transactions - paragraphs 37-38
GRAP 13	Leases - paragraphs 55-60
GRAP 17	Property, Plant and Equipment - paragraphs 73-83
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets - paragraph 93-94E
GRAP 102	Intangible Assets - paragraph 110-118

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where intangible assets was acquired through a transfer of functions, the municipality is not required to measure that intangible asset for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The transitional provision expires on 30 June 2012.

Due to the impact of Directive 4 being adopted and the core criteria of all assets being exempt for measurement, for and including the next three financial years impairment and amortisation assessments will not be considered.

Intangible assets with a carrying value of R 780 384 (2009: R 780 384) was recognised at provisional amounts.

The steps taken to establish the values of intangible assets recognised at provisional amounts due to the initial adoption of GRAP 102, is as follows:

The Municipality is in the process of appointing suitably qualified consultants to perform a complete valuation of all intangible assets during the next financial year. A detailed analysis of the fair value, residual value, impairment and amortisation will be performed over the exemption period.

The date at which full compliance with GRAP 102 is expected, is 30 June 2012.

NYANDENI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
10. Trade and other payables from exchange transactions		
Trade creditors	3 657	1 470 940
Accruals	-	30 484
	3 657	1 501 424

The average credit period on purchases is 30 days from the receipt of the invoice (as determined by the MFMA). No interest is charged for the first 30 days from the date of receipt of the invoice. The municipality has financial risk policies in place to ensure that all payables are paid within the credit time frame.

Management of the municipality is of the opinion that the carrying value of Creditors approximate their fair values.

The fair value of Creditors were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

11. Unspent conditional grants and receipts

Conditional grants

Conditional grants and receipts

MIG Grant	21 338 769	10 666 647
Department of Economic and Environmental Affairs	535 000	282 350
	21 873 769	10 948 997

Movement during the year

Balance at the beginning of the year	10 948 997	3 474 787
Additions during the year	33 156 720	27 170 331
Income recognition during the year	(22 231 948)	(19 696 121)
	21 873 769	10 948 997

NYANDENI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

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Figures in Rand	2010	2009
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12. Provisions

Reconciliation of provisions - 2010

	Opening Balance	Movements	Total
Leave gratuity	1 561 435	879 463	2 440 898
Legal obligations	1 170 694	-	1 170 694
Land fill sites	70 000	11 822	81 822
	2 802 129	891 285	3 693 414

Reconciliation of provisions - 2009

	Opening Balance	Movements	Total
Leave gratuity	1 569 979	(8 544)	1 561 435
Legal obligations	707 531	463 163	1 170 694
Land fill sites	-	70 000	70 000
	2 277 510	524 619	2 802 129

Included in legal obligations identified above are known litigations in progress against the Nyandeni Local Municipality at balance sheet date.

The following is a list of probable outcomes that has been disclosed by the Municipality's legal representative.

Mazuke construction vs NLM case no 1525/2009

The municipality was sued for a sum of R437 530.63 which was allegedly an outstanding payment for the abovementioned company which had been appointed for the construction of Libode surface road.
A provision of R 437 530.63 has been raised.

Iliso consulting (pty) ltd vs NLM case no 1311/2006

The municipality was sued for a sum of R270 000 by the abovementioned company which was allegedly outstanding professional fees for the construction of Sompa- Lwandlana Access road
A provision of R 270 000.00 has been raised.

Total provision raised R 707 530.63 for known litigations.

NYANDENI LOCAL MUNICIPALITY

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Figures in Rand	2010	2009
13. Finance lease obligation		
Minimum lease payments due		
- within one year	175 817	172 879
- in second to fifth year inclusive	317 214	493 031
	493 031	665 910
less: future finance charges	(98 179)	(165 447)
Present value of minimum lease payments	394 852	500 463
Present value of minimum lease payments due		
- within one year	124 788	105 611
- in second to fifth year inclusive	270 064	394 852
	394 852	500 463
Non-current liabilities	124 789	394 852
Current liabilities	270 063	105 611
	394 852	500 463

It is municipality policy to lease certain telecommunications and equipment under finance leases.

The average lease term was 5 years and the average effective borrowing rate was 10% (2009: 10%). Interest rates are fixed at the contract date.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 7

The municipality changed its accounting policy for leases in 2010. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows :

GRAP 1	Presentation of Financial Statements - paragraphs 7-8A
GRAP 9	Revenue from Exchange Transactions - paragraphs 37-38
GRAP 13	Leases - paragraphs 55-60
GRAP 16	Investment property - paragraphs 63-70
GRAP 17	Property, Plant and Equipment - paragraphs 73-83
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets - paragraph 93-94E
GRAP 102	Intangible Assets - paragraph 110-118

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where leasehold asset was acquired through a transfer of functions, the municipality is not required to measure that leasehold asset and leasehold liability for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The transitional provision expires on 30 June 2012.

Due to the impact of Directive 4 being adopted and the core criteria of all assets and liabilities being exempt for measurement, for and including the next three financial years impairment and depreciation assessments will not be considered.

Leasehold assets with a carrying value of R 982 649 (2009: R 982 649) was recognised at provisional amounts.

The steps taken to establish the values of leasehold assets and leasehold liabilities are recognised at provisional amounts due to the initial adoption of GRAP 102, is as follows:

The Municipality is in the process of appointing suitably qualified consultants to perform a complete valuation of all leased assets and liabilities during the next financial year.

The date at which full compliance with GRAP 13 is expected, is 30 June 2012.

NYANDENI LOCAL MUNICIPALITY

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Figures in Rand	2010	2009
14. Capital Replacement Reserve		
Revolving fund	212 685	203 485
Employers leave fund	13 934	13 390
Free basic services	2 234 758	2 122 051
Capital infrastructure	1 012 862	947 516
Integrated development plan	263 521	252 122
TRC	76 641	72 965
	3 814 401	3 611 529

The capital replacement reserve is made up of the above cash backed reserves.

15. Funds and reserves

Funds and reserves - 2010

	Capital replacement reserve	Accumulated surplus	Total
Opening balance	3 611 529	299 106 373	302 717 902
Surplus for the year	-	29 617 656	29 617 656
Transfer to capital replacement reserve	202 872	(202 872)	-
	3 814 401	328 521 157	332 335 558

Funds and reserves - 2009

	Capital replacement reserve	Accumulated surplus	Total
Opening balance	-	27 584 974	27 584 974
Ringfencing for depreciation	-	185 392 548	185 392 548
Change in accounting policy	3 306 023	60 630 594	63 936 617
Prior period errors	-	4 335 885	4 335 885
Surplus for the year	-	21 997 963	21 997 963
Prior period adjustment	-	(530 085)	(530 085)
Transfer to capital replacement reserve	305 506	(305 506)	-
	3 611 529	299 106 373	302 717 902

16. Revenue

Rendering of services	2 764 361	1 186 854
Rental Income	142 377	61 729
Interest received	2 606 315	3 826 631
Fines	192 400	70 830
Government grants	94 154 274	75 150 153
Other	757 866	789 613
	100 617 593	81 085 810

The amount included in revenue arising from exchanges of goods or services included in revenue are as follows:

Rendering of services	2 764 361	1 186 854
Rental Income	142 377	62 729
Interest received	2 606 315	3 826 631
Other	757 866	538 753
	6 270 919	5 614 967

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Notes to the Annual Financial Statements

Figures in Rand	2010	2009
17. Assessment rates		
Rates assessed		
Residential	541 941	229 315
Commercial	374 290	158 376
Government	215 862	91 339
Municipal	531 439	224 872
Roads	132 780	56 184
Schools	692 496	293 021
Clinics	207 235	87 689
	2 696 043	1 140 796

Assessment rates are levied on the value of land and improvements, which valuation must be performed every four years. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations, consolidations and subdivisions.

The last general valuation came into effect in 2009. The basis rate was 2c per Rand on land and improvements. Rebates are applied according to Council's policy. Rebates amounting to R 2 628 211 were granted during 2009/2010 (R43 341 were granted during 2008/2009).

Rates are levied annually on property owners. Owners are allowed to pay the annual assessment in 12 monthly instalments, which are payable on the last day of the month.

Valuations

Residential	76 096 800	76 096 800
Commercial	32 896 100	32 896 100
State	33 463 980	33 463 980
Municipal	78 684 750	78 684 750
Church	2 019 000	2 019 000
Roads (Government)	279 535 921	279 535 921
Schools	240 929 445	240 929 445
Clinics	73 471 091	73 471 091
Other	56 358 346	56 358 346
	873 455 433	873 455 433

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2009. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Rates are levied on an annual basis with the final date for payment being 30 June.

The new general valuation will be implemented on 01 July 2013.

18. Service charges

Refuse removal	68 318	46 058
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The amount disclosed above for revenue from Services Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs

NYANDENI LOCAL MUNICIPALITY

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Figures in Rand	2010	2009
19. Rental of facilities		
Rental of facilities	135 695	48 281
Other rentals	6 682	13 448
	142 377	61 729
20. Interest earned - external investments		
Total external interest earned :		
Interest earned	2 606 315	3 826 631
21. Other income		
Commission	61 330	14 996
Sale of items	161 387	79 014
Training	520 508	129 775
Other	14 641	314 968
	757 866	538 753

22. Traffic fines

Revenue of R 192 400 (2009 : R 70 830) is generated through traffic fines.

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Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
23. Government grants and subsidies		
Equitable share	69 802 135	54 129 482
Financial Management Grant	1 500 000	500 000
IDP Grant	120 000	-
Mlengane ECO-Tourism Development Project / EU Grant	602 278	250 863
Municipal Infrastructure Grant	21 629 670	18 210 258
Municipal Systems Improvement Grant	500 000	735 000
Other income	191	1 324 550
	94 154 274	75 150 153

Equitable share

Current-year receipts	69 802 135	54 129 482
Conditions met - transferred to revenue	(69 802 135)	(54 129 482)
	-	-

Although this is an unconditional grant in terms of the constitution, the municipality uses the grant to subsidise the provision of basic services to indigent community services.

FMG

Current-year receipts	1 500 000	500 000
Conditions met - transferred to revenue	(1 500 000)	(500 000)
	-	-

This grant was fully expensed in obtaining financial management assistance.

IDP Grant

Current-year receipts	120 000	-
Conditions met - transferred to revenue	(120 000)	-
	-	-

EU Grant

Balance unspent at beginning of year	282 350	-
Current-year receipts	854 928	533 213
Conditions met - transferred to revenue	(602 278)	(250 863)
	535 000	282 350

This grant was fully utilised for the development of Mlengane Eco-Tourism trust.

MIG Grant

Balance unspent at beginning of year	10 666 647	3 474 787
Current-year receipts	32 301 792	25 402 118
Conditions met - transferred to revenue	(21 629 670)	(18 210 258)
	21 338 769	10 666 647

This grant was used for the upgrading of access roads to rural areas.

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Figures in Rand	2010	2009
23. Government grants and subsidies (continued)		
Municipal Systems Improvement Grant		
Current-year receipts	500 000	735 000
Conditions met - transferred to revenue	(500 000)	(735 000)
	-	-

This grant was fully utilised for enhancement of the IDP process and for the training of ward committees.

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Notes to the Annual Financial Statements

Figures in Rand	2010	2009
24. Employee related costs		
Salaries and wages	24 271 366	18 563 564
Car allowance	2 087 569	565 572
Bonus	1 413 614	1 091 199
Overtime	907 570	45 098
Housing Subsidy / Allowance	1 440 778	683 995
Any other type of benefits or allowance	1 638 079	1 184 395
Contributions to UIF, Medical and Pension Funds	4 406 367	1 941 634
	36 165 343	24 075 457

Remuneration of Municipal Manager

Basic Salary	62 442	88 684
Travelling Allowance	26 017	29 057
Provident Fund	-	13 976
Medical Aid (Employer Portion)	-	5 500
Cellphone Allowance	3 122	5 000
Annuity	7 284	-
	98 865	142 217

The Municipal Manager was appointed from June 2010. The post was vacant prior to his appointment. An acting Municipal Manager was seconded to the Municipality by Chris Hani District Municipality.

Remuneration of Planning & Development Manager

Basic Salary	433 337	320 602
Travelling Allowance	158 458	109 824
13th Cheque	-	60 587
Housing Allowance	-	18 713
Provident Fund	31 692	16 321
Medical Aid (Employer Portion)	31 692	26 717
Cellphone Allowance	31 692	25 707
Subsistence Allowance	53 256	3 527
	740 127	581 998

The council had increased the remunerations for Sec 57 managers from lower limits to upper limits as per the SALGA guidelines.

Remuneration of Corporate Services Manager

Basic Salary	428 663	77 850
13th Cheque	-	6 000
Housing Allowance	-	21 413
Provident Fund	-	11 250
Cellphone Allowance	-	5 000
Medical aid	3 354	-
Subsistence allowance	5 612	-
	437 629	121 513

The Corporate Services Manager was appointed from October 2009. The post was vacant prior to his appointment. An acting Corporate Services Manager was seconded to the Municipality by Chris Hani District Municipality.

The council had increased the remunerations for Sec 57 managers from lower limits to upper limits as per the SALGA guidelines.

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Annual Financial Statements for the year ended 30 June 2010

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Figures in Rand	2010	2009
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24. Employee related costs (continued)

Remuneration of Technical Services Manager

Basic Salary	34 343	406 680
Performance Bonuses	-	13 740
Housing Allowance	-	17 556
Travelling Allowance	14 310	44 349
13th Cheque	-	25 461
Provident Fund	2 862	15 205
Medical Aid (Employer Portion)	2 862	11 682
Cellphone Allowance	2 862	12 192
Subsistence Allowance	-	13 585
Acting Allowance	-	147 839
	57 239	708 289

The Technical Services Manager was appointed from June 2010. The post was vacant prior to his appointment. An acting Technical Services Manager was seconded to the Municipality by Chris Hani District Municipality.

The council had increased the remunerations for Sec 57 managers from lower limits to upper limits as per the SALGA guidelines.

Remuneration of the Community Services Manager

Basic Salary	31 701	308 540
Travelling Allowance	14 310	115 661
13th Cheque	-	35 637
Provident Fund	2 862	19 078
Medical Aid (Employer Portion)	2 862	14 495
Cellphone Allowance	2 862	18 695
Subsistence Allowance	-	3 292
	54 597	515 398

The Community Services Manager was appointed from June 2010. The post was vacant prior to his appointment. An acting Community Services Manager was seconded to the Municipality by Chris Hani District Municipality.

The council had increased the remunerations for Sec 57 managers from lower limits to upper limits as per the SALGA guidelines.

Remuneration of the Chief Financial Officer

Basic Salary	404 078	313 296
Travelling Allowance	145 781	133 591
13th Cheque	31 701	25 215
Provident Fund	44 368	26 718
Medical Aid (Employer Portion)	31 692	26 718
Cell Allowance	31 692	26 718
Subsistence Allowance	37 357	15 458
	726 669	567 714

The council had increased the remunerations for Sec 57 managers from lower limits to upper limits as per the SALGA guidelines.

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Annual Financial Statements for the year ended 30 June 2010

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Figures in Rand	2010	2009
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24. Employee related costs (continued)

Remuneration of the Internal Audit Manager

Basic Salary	433 337	345 333
Travelling Allowance	158 458	133 591
Provident Fund	31 692	26 718
Medical Aid (Employer Portion)	31 692	26 718
Cellphone Allowance	31 692	26 718
Subsistence Allowance	9 554	9 083
Acting Allowance	-	13 825
	696 425	581 986

The council had increased the remunerations for Sec 57 managers from lower limits to upper limits as per the SALGA guidelines.

Strategic Manager

Basic salary	433 337	190 841
Performance Bonuses	-	20 207
Acting Allowance	12 948	-
Travelling Allowance	158 458	81 605
Provident Fund	31 692	16 321
Medical Aid (Employer Portion)	31 692	16 321
Cellphone allowance	31 692	16 321
Subsistence allowance	17 279	8 032
	717 098	349 648

The council had increased the remunerations for Sec 57 managers from lower limits to upper limits as per the SALGA guidelines.

25. Councillor's Remuneration

Mayor's Allowance	533 104	518 699
Speaker's Allowance	230 292	218 630
Councillor's Allowance	9 109 891	8 439 698
Contributions to Medical and Pension Funds	972 409	942 018
	10 845 696	10 119 045

In-kind benefits

The Mayor, Chief Whip and two (2) Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor has use of a Council owned vehicle for official duties.

The Mayor has three full-time bodyguards .

Councillors Salaries, allowances and benefits are within the prescribed upper limits.

26. Finance charges

Finance leases	67 268	83 545
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Figures in Rand	2010	2009
27. General expenses		
Accounting & Audit fees	1 758 924	2 683 742
Administration fees	1 319 890	594 313
Advertising	70 474	152 455
Amenities and community facilities	31 567	169 042
Bank charges	151 185	94 519
Bursaries - Personnel	127 675	74 560
Cleaning	157 200	113 516
Communications	7 774	113 392
Conferences and delegations	2 348 473	1 435 494
Consulting fees	94 211	60 847
Corporate expenses	232 024	240 485
Crime prevention	121 708	501 870
Disaster management	86 833	100 406
Doubtful debts	1 919 103	900 386
Electoral expenses	196 199	1 022 725
Electricity purchases	101 388	105 839
Employee assistance programme	90 156	-
Financial management grant	247 655	510 032
Financial management system	-	63 703
Fuel and oil	905 371	1 268 658
IDP	37 202	95 578
Insurance	525 435	366 866
Leave pay	879 463	-
Led projects	555 378	2 685 340
Legal expenses	808 919	1 148 249
Library services	10 500	69 331
Licensing of vehicles	108 270	216 016
Mayor's Discretionary Fund	962 036	1 105 947
Membership fees	779 132	18 390
Mlengane development land	598 262	223 224
Municipal performance management system	-	115 989
Municipal systems improvement grant	194 562	119 990
Other expenses	657 312	41 829
PMU Administration Costs	86 206	180 725
Printing and stationery	439 654	414 842
Public participation	243 191	305 505
Rebates	699 084	516 242
Revenue Strategy	248 427	-
Review of Policies	101 316	-
Security costs	25 215	53 600
Special programs unit	359 526	453 058
Sports and recreation	196 801	224 051
Strategic planning	-	129 006
Subscription & publication	321 850	399 745
Sundry expenses	547 738	117 807
Support to traditional institutions	117 963	140 550
Telephone	831 439	655 330
Tourism	193 257	486 451
Town planning	125 258	189 583
Training	152 887	350 800
Travel and subsistence	240 568	192 955
Uniforms & overalls	153 252	32 310
Valuation costs	-	544 703
Vehicle hire	297 240	422 659
Waste management	157 939	208 244
Website maintenance	72 737	74 470
Write-offs	-	1 300 285
	21 695 829	23 805 654

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Figures in Rand	2010	2009
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27. General expenses (continued)

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and not directly attributable to a specific service or class of expense.

28. Changes in accounting policy

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new or revised standards.

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of the new accounting policies and changes to existing policies.

Statement of financial position

Property, plant and equipment

Balance previously reported	-	-
Reversal of loans redeemed and capital receipts	202 297 372	184 784 116
Additions	21 760 664	17 830 892
Write-offs	-	(1 300 285)
Raising of finance lease asset	-	982 649
	224 058 036	202 297 372

Investment property

Balance previously reported	-	-
Adjustment to opening balance	59 494 000	59 494 000
Movement for the period	-	-
	59 494 000	59 494 000

Intangible assets

Balance previously reported	-	-
Adjustment to opening balance	780 384	780 384
Movement for the period	-	-
	780 384	780 384

Finance lease liability

Balance previously reported	-	-
Adjustment to opening balance	500 463	203 772
Additions for the period	-	464 469
Total repayments	(172 879)	(251 323)
Finance cost	67 268	83 545
	394 852	500 463

Unspent conditional grants

Balance previously reported	-	-
Additions for the period	21 873 769	282 350
	21 873 769	282 350

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Notes to the Annual Financial Statements

Figures in Rand	2010	2009
28. Changes in accounting policy (continued)		
Trust, project and statutory funds		
Balance previously reported	-	3 956 257
Removal of 2008 statutory funds	-	(2 807 471)
Removal of 2009 movement in statutory funds	-	(299 026)
Removal of 2008 trust funds	-	(298 882)
Removal of 2009 movement in trust funds	-	(26 202)
Removal of 2008 project funds	-	(507 470)
Removal of 2009 movement in project funds	-	(17 206)
	-	-
Capital replacement reserve		
Balance previously reported	-	-
Raising of cash backed funds	3 611 529	3 306 023
Transfer to capital replacement reserve	202 872	305 506
	3 814 401	3 611 529
Accumulated surplus		
Balance previously reported	298 999 308	27 584 974
Reversal of loans redeemed and capital receipts at 30 June 2008	-	185 392 548
Reversal of 2008 trust funds	-	298 882
Reversal of 2008 statutory funds	-	2 807 471
Reversal of 2008 project funds	-	507 470
Raising of cash backed capital replacement reserves	-	(3 306 023)
Reversal of the 2009 movement in project fund	-	17 206
Reversal of the 2009 movement in statutory fund	-	299 026
Reversal of the 2009 movement in trust fund	-	26 202
Raising of 2008 investment property	-	59 494 000
Raising of 2008 finance leases	-	314 408
Raising of 2008 intangible assets	-	171 951
Correction of error	-	4 335 885
Surplus for the period	29 818 068	21 890 899
Prior period adjustment	-	(530 085)
Transfer to capital replacement reserve	(202 872)	(305 506)
	328 614 504	298 999 308

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Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
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29. Correction of error

During the 2009/2010 financial period a number of errors occurred, which are set out below:

1. Vat incorrectly raised in prior periods

During the period under review a detailed vat analysis was performed and it was identified that the Municipality did not claim sufficient input vat for prior periods. Since the Municipality have a period of five years to claim the input vat, a resolution was taken to correct the accounting system and claim all outstanding monies from the South African Revenue Services (SARS).

The net effect of all claims made to South African Receiver of Revenue was R 5 325 766.
All amounts computed were supported by source documents and approved by management.

2. Provision not appropriately recognised

During the period it was identified that a provision for known litigations was not appropriately raised in prior period.

The Municipality's legal representative is of the opinion that the following two litigations are probable of being incurred.

The summary of the two cases are as follows:

Mazuke construction vs NLM case no 1525/2009

The municipality was sued for a sum of R437 530.63 which was allegedly an outstanding payment for the abovementioned company which had been appointed for the construction of Libode surface road.

A provision of R 437 530.63 has been raised.

Iliso consulting (pty) ltd vs NLM case no 1311/2006

The municipality was sued for a sum of R270 000 by the abovementioned company which was allegedly outstanding professional fees for the construction of Sompa- Lwandlana Access road

A provision of R 270 000.00 has been raised.

Total provision raised R 707 530.63 for known litigations.

3. Unspent conditional grant incorrectly raised

The EU grant of R 282 350 was not correctly raised in the previous period.

4. Impairment of debtors overprovided

The impairment of debtors in the prior period was overstated by R107 067.

The correction of the errors results in adjustments as follows:

Statement of financial position

Value added tax	-	5 325 766
Provision	-	(707 531)
Unspent conditional grants	(282 350)	(282 350)
Impairment of debtors	-	107 067

Statement of financial performance

Doubtful debts	-	(107 067)
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NYANDENI LOCAL MUNICIPALITY

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Notes to the Annual Financial Statements

Figures in Rand	2010	2009
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30. Retirement benefits

Defined contribution plan

The municipality provides retirement benefits for its employees and Councillors. Contributions are made to the South African Municipal Workers Union (SAMWU) to fund the obligations for the payment of retirement benefits in accordance with the rules of the defined contribution funds it administers. Contributions are recognised as an expense in the statement of Financial Performance.

Contributions to the South African Municipal Workers Union (SAMWU) and made as follows:

- There are 170 municipal staff are contributors
- The staff member contributes 7,5% of basis salary
- The municipality contributes 18% of basis salary

NYANDENI LOCAL MUNICIPALITY

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Notes to the Annual Financial Statements

Figures in Rand	2010	2009
31. Cash generated from operations		
Surplus	29 617 656	27 692 041
Adjustments for:		
Interest received	(2 606 315)	(3 826 631)
Finance charges	67 268	83 545
Changes in working capital:		
VAT receivable	1 758 970	6 675 923
Trade and other receivables from non-exchange transactions	(621 648)	(433 895)
Decrease in trade payables	(1 497 767)	(1 693 432)
Increase in other liability	891 285	3 232 150
Unspent conditional grants and receipts	10 924 772	-
	38 534 221	31 729 701

32. Risk management

Maximum credit risk exposure

Credit risk consists mainly of cash deposits, cash equivalents and trade receivables. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread service beneficiaries base within Municipal area. Management evaluates credit risk relating service beneficiaries on an ongoing basis. Each service beneficiary is independently rated, these ratings are used to assess risk control, the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the municipality. The utilisation of credit limits is regularly monitored. Sales to service beneficiaries are settled in cash.

Financial assets exposed to credit risk at year end were as follows:

First National Bank	33 583 089	30 870 242
Standard Bank	6 880 892	6 363 020
Investec	1 270 240	-
Trade and other receivables	937 648	565 599
	42 671 869	37 798 861

Liquidity Risk Management

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due.

In terms of its borrowing requirements, the entity ensures that adequate funds are available to meet its expected and unexpected financial commitments.

The entity maintains a reasonable balance between the period over which assets generate funds and the period over which the respective assets are funded in order to mitigate the effect of long-term

liquidity risk.

The following table provides detail of the entity's remaining contractual maturity for its financial liabilities.

The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the entity can be required to pay.

The figures below include both estimated interest and principal cash flows of the instruments. Estimated interest of floating interest rate financial liabilities is calculated using the applicable interest rates at the end of the financial year end.

NYANDENI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
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32. Risk management (continued)

Risk Disclosure

Market Risk

The Entity's activities expose it primarily to the risks of fluctuations in interest rates. Interest rate risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

33. Arrear Rates and Services Owed by Councillors

Councillor P. Godongwana	-	1 879
Councillor P. N. Mathanda	-	2 148
Councillor N. Bango	-	1 526
Councillor M. Qoyo	-	172
Councillor M. Dambuza	2 312	1 526
Councillor T. Thunzi	429	1 526
Councillor A. Vava	-	2 093
Councillor M Makhongwana	1 292	4 662
Councillor N Mnkwantini	436	1 526
	4 469	17 058

Arrear Rates and Services charges owned by councillors outstanding for more than 90 days.

34. Auditors' remuneration

Audit Fees	1 223 531	950 549
------------	-----------	---------

35. Capital Commitments

Authorised capital expenditure

Commitments in respect of capital expenditure

• Approved and contracted for : Infrastructure	4 521 039	7 567 700
--	-----------	-----------

This committed expenditure relates to infrastructure and will be financed by government grants.

36. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

37. Events after the reporting date

No material fact or circumstance has occurred between the accounting date and the date of this report.

NYANDENI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
38. Unauthorised expenditure		
Executive and Council Vote	-	15 524
Municipal Manager Vote	-	138 712
Finance Vote	-	1 225 296
	-	1 379 532

There were no unauthorised expenditure incurred for the period.

39. Fruitless and wasteful expenditure

Cancellation of reservations	-	132 227
------------------------------	---	---------

There were no fruitless and wasteful expenditure incurred for the period.

40. Irregular expenditure

Analysis of expenditure

Unauthorised bonuses and salary increases paid to certain managers	-	258 118
Permanent appointment of Chief Whip not authorised by MEC and Gazetted	-	405 450
	-	663 568

There were no irregular expenditure incurred for the period.

The council took a resolution to recover all monies owed by the affected managers. The Municipality's Attorney's are currently in the process of recovering the outstanding monies.

The council took a resolution to appoint the Chief Whip on a full time basis although not approved by the MEC in the prior period. A letter of approval from the MEC was received on 21 June 2009.

NYANDENI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
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41. Contingent liabilities and contingent assets

Known litigations in progress against the Nyandeni Local Municipality at Balance Sheet date.

The following is a list of possible outcomes:

LAWRENCE NZIMENI MAMBILA vs NLM CASE no 1274/08

Mr Mambila is suing the municipality for a sum of R 1 615 531.53 which he claims is owed to him in terms of purported settlement agreement which he claims to have entered into with the municipality during a pretrial conference prior to the commencement of a disciplinary hearing. The municipality is opposing the matter as it disputes the existence of any agreement between itself and Mr Mambila. A contingent liability of R 1 615 531.53

ZWELEDINGA JADISO vs NLM @ Mr CEKWANA CASE no 2041/2009

The municipality is being sued for sum of R200 000.00 by the abovementioned gentleman who claims that he had entered into an agreement with the municipality to lease to the municipality a saw machine at a rate of R50 a day. The municipality is defending the matter. The contingent liability is R 200 000.00

SIGQIBO NKONYENI vs. NLM CASE No. 599/10

The municipality is being sued by the abovementioned gentleman for a sum of R800 000.00 for what he claims was an unlawful arrest and detention by one of the municipality's traffic officers. The municipality is defending the matter. The contingent liability is R 800 000.00

KHOLEKILE THWANTWA vs. NLM CASE no 280/07.

The municipality was sued for a sum of R201 131.15 by the abovementioned person who had been appointed to do sum fencing on behalf of the municipality. He was appointed at a sum of R133 350.00 but when he had finished performing the job he claimed that the job that he had performed was worth more than the amount that he had been initially appointed at. He approached the High court claiming a sum of R202 000.00. The municipality is opposing the matter. The contingent of R 202 000.00

HHO AFRICA vs NYANDENI MUNICIPALITY

In this matter the municipality is being sued for a sum of R242 988.89 in outstanding construction fees of access road constructed. A letter of demand has been served on the municipality. The contingent R 242 988.89

TAMSANQA DOTYENI vs NYANDENI MUNICIPALITY

In this matter the municipality is being sued for a sum of R1000 000.00 (one million rand) by the plaintiff who claims that his child was killed as a result of the negligence of some municipal employees. A letter of demand has been served on the municipality.

The contingent is R 1 000 000

NYANDENI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
42. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government		
PAYE, UIF and SDL		
Current year payroll deductions	6 696 302	4 416 633
Amount paid - current year	(6 696 302)	(4 416 633)
	-	-
Pension and Medical Aid Deductions		
Current year payroll deductions and council contribution	5 378 776	3 904 424
Amount paid - current year	(5 378 776)	(3 904 424)
	-	-
VAT		
VAT receivable	4 942 415	6 675 923
VAT payable	(25 462)	-
	4 916 953	6 675 923

VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted by the due date throughout the year.

Non compliance with Chapter 11 of the Municipal Finance Management Act

A supply chain management policy has been developed.

43. Municipal Entities

There was no municipal entities under the sole or shared control of the municipality for the financial year.

44. In-kind donations and assistance

The Municipality did not receive any donations or assistance.

45. Actual operating expenditure versus budgeted operating expenditure

Refer to Appendix E for the comparison of actual operating expenditure versus budgeted expenditure.

46. Actual capital expenditure versus budgeted capital expenditure

Refer to Appendix C for the comparison of actual capital expenditure versus budgeted expenditure.

Appendix A: Schedule of external loans

APPENDIX A

GOVERNMENT TEMPLATE: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2010

	Loan Number	Redeemable	Balance at 30 June 2009	Received during the period	Redeemed written off during the period	Balance at 30 June 2010	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
			Rand	Rand	Rand	Rand	Rand	Rand
LONG-TERM LOANS								
Stock Loan @ 13.75%	121	2007/08/31	30 000	-	-	30 000	29 985	2 537
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			30 000	-	-	30 000	29 985	2 537
STRUCTURED LOANS								
ABSA 16.22%	ABSA Midrand	2011/11/30	53 387	-	335	53 052	54 573	4 712
ABSA 12.27%	ABSA R150m	2012/12/20	150 000	-	-	150 000	149 989	52 789
Investec 11.77%	Investec R100m	2013/12/24	84 619	-	7 540	77 079	99 998	36
RMB 14.53%	RMB R95m	2014/11/30	108 675	1 356	-	110 031	94 999	8 232
RMB 15.56%	RMB R210m	2012/12/31	533 584	78 986	-	612 570	247 986	38 409
RMB 16.50%	RMB R100m	2014/11/30	114 436	1 486	-	115 922	99 458	46 052
SCMB 12.16%	SCMB R200m	2018/09/30	163 333	-	13 334	149 999	199 999	-
Ekurhuleni 16.21%	Ekurhuleni	2011/06/30	41 125	-	-	41 125	189	18 823
			1 249 159	81 828	21 209	1 309 778	947 191	169 053
FUNDING FACILITY								
RMB 11.65%	RMB L123	2009/04/30	47 433	-	14 130	33 303	88 108	-
			47 433	-	14 130	33 303	88 108	-

APPENDIX A

GOVERNMENT TEMPLATE: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2010

Loan Number	Redeemable	Balance at 30 June 2009	Received during the period	Redeemed written off during the period	Balance at 30 June 2010	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
DEVELOPMENT BANK OF SOUTH AFRICA							
DBSA @ 13.22%	11984 - 11993	2014/06/30	62 465	-	4 782	57 683	77 829
DBSA @ 10.00%	2513/103	2009/03/31	18 907	-	5 699	13 208	24 078
DBSA @ 10.00%	8056/103	2011/09/30	36 720	-	5 299	31 421	53 419
DBSA @ 10.00%	8250/102	2014/03/31	5 946	-	515	5 431	19
DBSA @ 10.00%	9005/103	2013/03/31	219 392	-	22 955	196 437	291 731
DBSA @ 10.00%	9337/101	2014/09/30	23 804	-	1 889	21 915	48
DBSA @ 10.00%	9637/102	2014/03/31	2 906	-	252	2 654	1 990
DBSA @ 10.00%	10295	2016/06/30	1 448	-	90	1 358	-
DBSA @ 9.39%	13541/1	2020/09/30	144 075	-	10 111	133 964	166 810
DBSA @ 16.55%	12716	2012/12/31	233	-	23	210	31
DBSA @ 16.55%	12717	2012/12/31	432	-	41	391	298
DBSA @ 16.15%	12032	2010/12/31	431	-	71	360	553
DBSA @ 16.67%	12033	2011/12/31	757	-	93	664	-
DBSA @ 16.67%	12034	2011/12/31	405	-	50	355	554
DBSA @ 15.26%	12035	2011/12/31	123	-	16	107	170
DBSA @ 15.26%	12036	2011/12/31	572	-	73	499	794
DBSA @ 15.26%	12037	2012/12/31	1 377	-	136	1 241	-
DBSA @ 15.26%	12038	2012/12/31	322	-	32	290	419
DBSA @ 15.26%	12388	2012/12/31	1 639	-	162	1 477	791
DBSA @ 15.74%	12208	2009/12/31	3 438	-	804	2 634	-
DBSA @ 12.00%	9726/104	2014/09/30	2 354	-	205	2 149	134
DBSA @ 16.50%	11064/102	2020/03/31	2 195	-	13	2 182	-
DBSA @ 10.63%	11073/101	2013/09/30	10 216	-	1 362	8 854	17 234
DBSA @ 10.63%	11073/2	2013/09/30	30 368	-	4 049	26 319	46 562
			570 525	-	58 722	511 803	683 464
			5 628 417	444 628	94 191	5 978 854	5 983 398
							202 232
TOTAL EXTERNAL LOANS							

NYANDENI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Supplementary information

Appendix B: Analysis of property, plant and equipment

GOVERNMENT TEMPLATE: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2006
Cost/Revaluation **Accumulated Depreciation**

	Opening Balance Rand	Additions Rand	Under Construction Rand	Disposals Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Disposals Rand	Closing Balance Rand	Carrying Value Rand	Budget Additions Rand
Land/ Heritage											
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-
Painting & Art Galleries	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Buildings											
Land	-	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Leasehold property											
Sewerage Mains & Purify	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Plant and machinery	-	-	-	-	-	-	-	-	-	-	-
Furniture and fixtures	-	-	-	-	-	-	-	-	-	-	-
Motor vehicles	-	-	-	-	-	-	-	-	-	-	-
Office equipment	-	-	-	-	-	-	-	-	-	-	-
IT equipment	-	-	-	-	-	-	-	-	-	-	-
Computer software	-	-	-	-	-	-	-	-	-	-	-
Housing Develop Fund											
Housing Rental 1	-	-	-	-	-	-	-	-	-	-	-
Housing Rental 2	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Infrastructure											
Drains	-	-	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-
Beach Improvements	-	-	-	-	-	-	-	-	-	-	-
Sewerage Mains & Purif	-	-	-	-	-	-	-	-	-	-	-
Electricity Mains	-	-	-	-	-	-	-	-	-	-	-
Electricity Peak Load Equip	-	-	-	-	-	-	-	-	-	-	-
Water Mains & Purification	-	-	-	-	-	-	-	-	-	-	-
Reservoirs – Water	-	-	-	-	-	-	-	-	-	-	-
Water Meters	-	-	-	-	-	-	-	-	-	-	-
Water Mains	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-

GOVERNMENT TEMPLATE: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2006
Cost/Revaluation **Accumulated Depreciation**

	Opening Balance Rand	Additions Rand	Under Construction Rand	Disposals Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Disposals Rand	Closing Balance Rand	Carrying Value Rand	Budget Additions Rand
Community											
Parks & Gardens	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-
Recreation Grounds	-	-	-	-	-	-	-	-	-	-	-
Civic Buildings	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Other property, plant and equipment											
Landfill sites	-	-	-	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	-	-	-	-	-	-	-	-	-	-	-
Motor vehicles	-	-	-	-	-	-	-	-	-	-	-
Fire engines	-	-	-	-	-	-	-	-	-	-	-
Refuse tankers	-	-	-	-	-	-	-	-	-	-	-
Computer equipment	-	-	-	-	-	-	-	-	-	-	-
Councillors Regalia	-	-	-	-	-	-	-	-	-	-	-
Conservancy tankers	-	-	-	-	-	-	-	-	-	-	-
Watercraft	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Total											
Land/ Heritage	-	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-	-
Leasehold property	-	-	-	-	-	-	-	-	-	-	-
Plant and machinery	-	-	-	-	-	-	-	-	-	-	-
Furniture and fixtures	-	-	-	-	-	-	-	-	-	-	-
Motor vehicles	-	-	-	-	-	-	-	-	-	-	-
Office equipment	-	-	-	-	-	-	-	-	-	-	-
IT equipment	-	-	-	-	-	-	-	-	-	-	-
Computer software	-	-	-	-	-	-	-	-	-	-	-
Housing Develop Fund	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-	-
Community	-	-	-	-	-	-	-	-	-	-	-
Other property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-

GOVERNMENT TEMPLATE: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2006										
Cost/Revaluation					Accumulated Depreciation					
Opening Balance Rand	Additions Rand	Under Construction Rand	Disposals Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Disposals Rand	Closing Balance Rand	Carrying Value Rand	Budget Additions Rand

NYANDENI LOCAL MUNICIPALITY

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Appendix C: Segmental analysis of property, plant and equipment

GOVERNMENT TEMPLATE: SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2006

Cost/Revaluation	Accumulated Depreciation
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[illegible]

NYANDENI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Supplementary information

Appendix D: Segmental Statement of Financial Performance

GOVERNMENT TEMPLATE: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED

[illegible][illegible]

NYANDENI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Supplementary information

Appendix E(1): Actual versus Budget (Revenue and Expenditure)

APPENDIX E(1) for the ended 30 June 2010
June 2010

	Current year	Prior Year #	Current year	Prior Year #	Current year	Prior Year #	Current year	Prior Year #	Current year	Prior Year #	Current year	Prior Year #
	2009	1 2008	2009	1 2008	2009	1 2008	2009	1 2008	2009	1 2008	2009	1 2008
	Act. Bal.	Act. Bal.	Act. Bal.	Act. Bal.	Act. Bal.	Act. Bal.	Act. Bal.	Act. Bal.	Act. Bal.	Act. Bal.	Act. Bal.	Act. Bal.
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Revenue												
Property rates	-	-	-	-	-	-	-	-	-	-	-	-
Property rates - penalties imposed and collection	-	-	-	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-	-	-	-
RSC Levies 1	-	-	-	-	-	-	-	-	-	-	-	-
RSC Levies 2	-	-	-	-	-	-	-	-	-	-	-	-
RSC Levies 3	-	-	-	-	-	-	-	-	-	-	-	-
RSC Levies 4	-	-	-	-	-	-	-	-	-	-	-	-
RSC Levies 5	-	-	-	-	-	-	-	-	-	-	-	-
RSC Levies 6	-	-	-	-	-	-	-	-	-	-	-	-
RSC Levies 7	-	-	-	-	-	-	-	-	-	-	-	-
RSC Levies 8	-	-	-	-	-	-	-	-	-	-	-	-
RSC Levies 9	-	-	-	-	-	-	-	-	-	-	-	-
RSC Levies 10	-	-	-	-	-	-	-	-	-	-	-	-
Rental Income	-	-	-	-	-	-	-	-	-	-	-	-
Interest received 1	-	-	-	-	-	-	-	-	-	-	-	-
Interest received 2	-	-	-	-	-	-	-	-	-	-	-	-
Interest received 3	-	-	-	-	-	-	-	-	-	-	-	-
Interest received 4	-	-	-	-	-	-	-	-	-	-	-	-
Interest received 5	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-	-	-	-	-
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-
Sales of housing	-	-	-	-	-	-	-	-	-	-	-	-
Income from agency services	-	-	-	-	-	-	-	-	-	-	-	-
Government grants	-	-	-	-	-	-	-	-	-	-	-	-
Public contributions, Donated and contributed property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-
Municipal Revenue UD1	-	-	-	-	-	-	-	-	-	-	-	-
Municipal Revenue UD2	-	-	-	-	-	-	-	-	-	-	-	-
Revenue 2	-	-	-	-	-	-	-	-	-	-	-	-
Trading and general (Filtered)	-	-	-	-	-	-	-	-	-	-	-	-
Farming only (Filtered)	-	-	-	-	-	-	-	-	-	-	-	-
Trading and general (Filtered)	-	-	-	-	-	-	-	-	-	-	-	-
Farming only (Filtered)	-	-	-	-	-	-	-	-	-	-	-	-
Construction contracts	-	-	-	-	-	-	-	-	-	-	-	-
Royalty income	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous other revenue	-	-	-	-	-	-	-	-	-	-	-	-
Revenue 1	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Other income												

APPENDIX E(1) for the ended 30 June 2010
June 2010

	Current year 2009 Act. Bal.	Prior Year # 1 2008 Act. Bal.	Current year 2009 Act. Bal.	Prior Year # 1 2008 Act. Bal.	Current year 2009 Act. Bal.	Prior Year # 1 2008 Act. Bal.	Current year 2009 Act. Bal.	Prior Year # 1 2008 Act. Bal.	Current year 2009 Act. Bal.	Prior Year # 1 2008 Act. Bal.	Current year 2009 Act. Bal.	Prior Year # 1 2008 Act. Bal.
Other income	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-
Interest received - investment	-	-	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-
Investment property	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-
Controlled entities	-	-	-	-	-	-	-	-	-	-	-	-
Investments in joint ventures	-	-	-	-	-	-	-	-	-	-	-	-
Investments in associates	-	-	-	-	-	-	-	-	-	-	-	-
Other financial assets	-	-	-	-	-	-	-	-	-	-	-	-
Other asset 1	-	-	-	-	-	-	-	-	-	-	-	-
Other asset 2	-	-	-	-	-	-	-	-	-	-	-	-
Other asset 3	-	-	-	-	-	-	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Profit and loss on exchange differences	-	-	-	-	-	-	-	-	-	-	-	-
Gains or losses on biological assets and agricultural produce (Filtered)	-	-	-	-	-	-	-	-	-	-	-	-
Gains or losses on biological assets and agricultural produce	-	-	-	-	-	-	-	-	-	-	-	-
Income from equity accounted investments	-	-	-	-	-	-	-	-	-	-	-	-
Cost of sales	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Expenses												
Employee related costs	-	-	-	-	-	-	-	-	-	-	-	-
Remuneration of councillors	-	-	-	-	-	-	-	-	-	-	-	-
Debt impairment	-	-	-	-	-	-	-	-	-	-	-	-
Collection costs	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Amortisation	-	-	-	-	-	-	-	-	-	-	-	-
Repairs and maintenance	-	-	-	-	-	-	-	-	-	-	-	-
Finance costs	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases	-	-	-	-	-	-	-	-	-	-	-	-
Contracted Services	-	-	-	-	-	-	-	-	-	-	-	-
Grants and subsidies paid	-	-	-	-	-	-	-	-	-	-	-	-
Cost of housing sold	-	-	-	-	-	-	-	-	-	-	-	-
General expenses	-	-	-	-	-	-	-	-	-	-	-	-
Employee related costs	-	-	-	-	-	-	-	-	-	-	-	-
Farming only	-	-	-	-	-	-	-	-	-	-	-	-

APPENDIX E(1) for the ended 30 June 2010
June 2010

	Current year 2009 Act. Bal.	Prior Year # 1 2008 Act. Bal.	Current year 2009 Act. Bal.	Prior Year # 1 2008 Act. Bal.	Current year 2009 Act. Bal.	Prior Year # 1 2008 Act. Bal.	Current year 2009 Act. Bal.	Prior Year # 1 2008 Act. Bal.	Current year 2009 Act. Bal.	Prior Year # 1 2008 Act. Bal.	Current year 2009 Act. Bal.	Prior Year # 1 2008 Act. Bal.
Surplus or deficit on exchange differences	-	-	-	-	-	-	-	-	-	-	-	-
Impairments	-	-	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-
Investment property	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-
Controlled entities	-	-	-	-	-	-	-	-	-	-	-	-
Investments in joint ventures	-	-	-	-	-	-	-	-	-	-	-	-
Investments in associates	-	-	-	-	-	-	-	-	-	-	-	-
Other financial assets	-	-	-	-	-	-	-	-	-	-	-	-
Other asset 1	-	-	-	-	-	-	-	-	-	-	-	-
Other asset 2	-	-	-	-	-	-	-	-	-	-	-	-
Other asset 3	-	-	-	-	-	-	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Fair value adjustments	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Operating profit	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue and costs												
Restructuring	-	-	-	-	-	-	-	-	-	-	-	-
Gains or losses on biological assets and agricultural produce	-	-	-	-	-	-	-	-	-	-	-	-
Income from equity accounted investments	-	-	-	-	-	-	-	-	-	-	-	-
Profit and loss on sale of non-current assets held for sale and net assets of disposal groups	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Net surplus/ (deficit) for the year	-	-	-	-	-	-	-	-	-	-	-	-

NYANDENI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Supplementary information

Appendix E(2): Actual versus Budget (Acquisition of Property, Plant and Equipment)

GOVERNMENT TEMPLATE: ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2006

	Additions	Under Construction	Closing Balance	Budget	Variance	Variance	Explanation of Significant Variances greater than 5% versus Budget
	Rand	Rand	Rand	Rand	Rand	%	
Land/ Heritage							
Historical Buildings	-	-	-	-	-	-	(Explanations to be recorded)
Painting & Art Galleries	-	-	-	-	-	-	
	-	-	-	-	-	-	-
Buildings							
Land	-	-	-	-	-	-	
Buildings	-	-	-	-	-	-	
	-	-	-	-	-	-	-
Leasehold property							
Sewerage Mains & Purify	-	-	-	-	-	-	
	-	-	-	-	-	-	-
Plant and machinery	-	-	-	-	-	-	-
Furniture and fixtures	-	-	-	-	-	-	-
Motor vehicles	-	-	-	-	-	-	-
Office equipment	-	-	-	-	-	-	-
IT equipment	-	-	-	-	-	-	-
Computer software	-	-	-	-	-	-	-
Housing Develop Fund							
Housing Rental 1	-	-	-	-	-	-	
Housing Rental 2	-	-	-	-	-	-	
	-	-	-	-	-	-	-
Infrastructure							
Drains	-	-	-	-	-	-	
Roads	-	-	-	-	-	-	
Beach Improvements	-	-	-	-	-	-	
Sewerage Mains & Purif	-	-	-	-	-	-	
Electricity Mains	-	-	-	-	-	-	
Electricity Peak Load Equip	-	-	-	-	-	-	
Water Mains & Purification	-	-	-	-	-	-	
Reservoirs – Water	-	-	-	-	-	-	
Water Meters	-	-	-	-	-	-	
Water Mains	-	-	-	-	-	-	
	-	-	-	-	-	-	-

APPENDIX E(2) for the period ended 30 June 2010
June 2010

	Additions	Under Construction	Closing Balance	Budget	Variance	Variance	Explanation of Significant Variances greater than 5% versus Budget
	Rand	Rand	Rand	Rand	Rand	%	
Community							
Parks & Gardens	-	-	-	-	-	-	
Libraries	-	-	-	-	-	-	
Recreation Grounds	-	-	-	-	-	-	
Civic Buildings	-	-	-	-	-	-	
	-	-	-	-	-	-	-
Other property, plant and equipment							
Landfill sites	-	-	-	-	-	-	
Office Equipment	-	-	-	-	-	-	
Furniture & Fittings	-	-	-	-	-	-	
Bins and Containers	-	-	-	-	-	-	
Emergency Equipment	-	-	-	-	-	-	
Motor vehicles	-	-	-	-	-	-	
Fire engines	-	-	-	-	-	-	
Refuse tankers	-	-	-	-	-	-	
Computer equipment	-	-	-	-	-	-	
Councillors Regalia	-	-	-	-	-	-	
Conservancy tankers	-	-	-	-	-	-	
Watercraft	-	-	-	-	-	-	
Land	-	-	-	-	-	-	
Buildings	-	-	-	-	-	-	
	-	-	-	-	-	-	-
Total							
Buildings	-	-	-	-	-	-	
Leasehold property	-	-	-	-	-	-	
Plant and machinery	-	-	-	-	-	-	
Furniture and fixtures	-	-	-	-	-	-	
Motor vehicles	-	-	-	-	-	-	
Office equipment	-	-	-	-	-	-	
IT equipment	-	-	-	-	-	-	
Computer software	-	-	-	-	-	-	
Housing Develop Fund	-	-	-	-	-	-	
Infrastructure	-	-	-	-	-	-	
Community	-	-	-	-	-	-	
Other property, plant and equipment	-	-	-	-	-	-	
	-	-	-	-	-	-	-

APPENDIX E(2) for the period ended 30 June 2010
June 2010

Additions Rand	Under Construction Rand	Closing Balance Rand	Budget Rand	Variance Rand	Variance %	Explanation of Significant Variances greater than 5% versus Budget